
LEGISLATION AND POLICY

Fiscal Year 1999 Security Assistance Legislation

By

Dr. Craig M. Brandt
Editor, *The DISAM Journal*

and

Kenneth W. Martin
Assistant Editor, *The DISAM Journal*

Introduction

This report is the fifteenth in a series of annual legislative studies published in *The DISAM Journal*. This year's report presents a summary and analysis of the legislation impacting on United States security assistance programs in FY1999 and beyond. As in prior years, the report is presented in an extended outline format. This summary approach, together with the use of boldface print to identify key topics, has proven useful for reference purposes in locating specific statutory provisions. DISAM's objective in producing these annual reports is to disseminate important new legislative information to assist security assistance managers and executives throughout the world. This report should enhance their understanding of the changing statutory requirements that implement the policy choices which are reflected in the U.S. security assistance programs.

The FY1999 Legislation

As has been the case many times in recent years, the legislative calendar of the 105th Congress bogged down, and by the start of FY1999, only a single one of the thirteen budget bills had been passed. Six continuing resolutions were passed before the final bills were signed. *The Defense Appropriations Act*, P.L. 105-262 was signed on 17 October 1998. However, successful resolution of difficulties in the Foreign Operations Bill, as well as many other budget categories, dragged on until Congress fashioned the massive FY1999 *Omnibus Consolidated and Emergency Appropriations Act* which included funding for eight of the thirteen appropriations acts required for financing federal government operations and activities. The President signed this legislation on 21 October 1998 as P.L. 105-277. Within this umbrella bill, what would normally be a separate *Foreign Operations Appropriations Act* was included in a section which may be cited as the *Foreign Operations, Export Financing, and Related Programs Appropriations Act, 1999*. However, legislation of interest to the security cooperation community is found throughout the Omnibus Act. Since Congress failed to enact a foreign affairs authorization act, the required enabling authorities had to be incorporated as well.

In general, the FY1999 appropriations for security assistance vary little from the FY1998 figures. The only category with substantial change was the amount dedicated to nonproliferation, anti-terrorism and demining. For the basic security assistance programs, the most significant change is in the formula used to calculate the amounts provided for ESF and FMFP for Israel and Egypt. After twelve years of a constant figure being provided to both countries, following a request of the Israeli government, Congress moved to start a decade-long effort to phase out ESF for Israel and reduce funding to Egypt by 50 percent.

The much-debated legislative proposals for consolidating the Arms Control and Disarmament Agency and the U.S. Information Agency within the Department of State were also enacted in 1999. The changes in the foreign-policy apparatus are described in a section of the Omnibus Act entitled the *Foreign Affairs Reform and Restructuring Act of 1998*.

Similar reorganization regarding the disestablishment of the Defense Technology Security Administration and the creation of the Deputy Undersecretary of Defense for Technology Security Policy is found in the *Strom Thurmond National Defense Authorization Act for Fiscal Year 1999*, P.L. 105-261. Reflecting the heightened interest this Congress has shown in maintaining safeguards over technology transfer, this Act also contains shifts in the release authority for satellites and related items from the Commerce Department to the State Department by mandating their inclusion on the U.S. Munitions List.

With little success forthcoming in the political situation in Iraq, Congress devoted much effort to identifying and providing funding for political opposition groups in that country. Consequently, associated legislative mandates are found throughout the body of legislation dealing with foreign operations.

In an effort to come to grips with the entire spectrum of training provided to foreign militaries under any auspices, not just security assistance programs, Congress mandated the preparation of a monumental report describing all defense related training provided in FY1998 and a forecast for of FY1999. It has become obvious that restrictions placed on IMET training were not applied to all other methods of delivery, and this report aims to describe all possible methods of training which are conducted for foreign militaries.

More detailed description of these and other changes included in the legislation are found below.

Reference Sources: The following abbreviated titles are used in this report to identify the principal sources of information used herein.

- **AECA:** Arms Export Control Act, as amended.
- **FAA:** Foreign Assistance Act of 1961, as amended.
- **P.L. 105-277:** *FY1999 Omnibus Consolidated and Emergency Supplemental Appropriations Act 1999*, 21 October 1998.

- **FY1999 Congressional Presentation:** The Secretary of State, *Congressional Presentation (CP) for Foreign Operations, Fiscal Year 1999*.

- **Conference Report:** Conference Report on H.R. 4328, *Foreign Operations, Export Financing, and Related Programs Appropriations Act, 1999*, as published in the Congressional Record, 19 October 1998, pp. H11355 - H11545. This reports agreements of the conferees developed through negotiations on the difference in the House and Senate versions of H.R. 4569, the *Foreign Operations, Export Financing, and Related Programs Appropriations Act, 1999*.

FY1999 Funding Allocations

Following the enactment of the annual appropriations for foreign operations, the

Table 1

**SECURITY ASSISTANCE PROGRAM APPROPRIATIONS
FISCAL YEARS 1998 AND 1999 FUNDING LEVELS
(Dollars in Millions)**

	P.L. 105-118 26 Nov 97 FY1998 <u>Funding</u>	FY1999 Budget <u>Request</u>	S.2334 2 Sep 98 Senate <u>Proposal</u>	H.R. 4569 17 Sep 98 House <u>Proposal</u>	P.L. 105-277 21 Oct 98 FY1999 <u>Funding</u>
FMFP	\$3,548.728	\$3,442.910	\$3,489.910	\$3,502.910	\$3,497.000 [1]
[Grants]	[3,348.728]	[3,275.910]	[3,322.910]	[3,335.910]	[3,330.000]
[Loans] (Subsidy)	[200.000] (12.340)	[167.020] (20.000)	[167.000] (20.000)	[167.000] (20.000)	[167.000] [1] (20.000)
IMET	50.000	50.000	50.000	50.000	50.000
ESF	2,419.600	2,513.600	2,305.600	2,326.000	2,436.600
PKO	<u>77.500</u>	<u>83.000</u>	<u>75.000</u>	<u>62.250</u>	<u>76.500</u>
TOTALS	6,095.828	6,088.91	5,920.510	5,941.160	6,060.100

[1] These FMFP totals reflect the sum of all direct grant appropriations excluding the loan subsidy plus the actual value of the loan programs.

[2] The FY1999 FMFP loan program provides \$20M in loan subsidy funding to support a maximum of \$167M in direct loans issued at current average treasury rates of interest. These loans are restricted to Poland, Hungary, and the Czech Republic.

Administration is tasked with specifying the amount of appropriations to be allocated among each eligible foreign country and international organization. Pursuant to the requirements of §653, AECA, the Administration must notify Congress of these funding allocations within 30 days following the enactment of "any law appropriating funds to carry out any provision" of the AECA. These allocations distribute the funds that Congress has not specifically earmarked for particular countries and programs. Where available, these allocations are included below to indicate the policy choices made for the funds appropriated.

FY1999 Omnibus Consolidated and Emergency Supplemental Appropriations Act, 21 October 1998, P.L. 105-277.

- **Foreign Military Financing Program (FMFP), Title III, Military Assistance**

- ***FMFP Grant Earmarks***

- Breaking with the tradition of the past twelve years, FMFP grant funding for FY1999 has been raised for Israel to \$1.86 billion while the earmark for Egypt remains at \$1.3 billion. This represents the new policy whereby Israel forsakes ten percent of its usual ESF budget, while moving half this amount to FMFP.

- The earmarks for these two FMFP grant countries total \$3,160M and represent nearly 95 percent of FY1999 grant FMFP funding.

- ***Special FMFP Provisions for Israel***

- As in past years, Congress continued to attach two special provisions to the FMFP appropriation for Israel. These provisions permit significant utility and flexibility in Israel's use of these grant funds.

- The first such provision directs the disbursement of Israel's entire FMFP account to occur within 30 days of the enactment of P.L. 105-277, i.e., by 21 November 1998.

- Secondly, not less than \$490M of Israel's FMFP appropriation is available in FY1999 for "the procurement in Israel of defense articles and defense services, including research and development." This provision represents an exception to the general restriction on the use of FMFP funds by recipient countries to finance offshore (i.e., non-U.S.) procurements (OSP). To implement this special provision, Israel and the United States must agree on the weapon systems for which these funds will be used. This represents an increase of \$15M over last year's OSP authority of \$475M, representing 25 percent of the total FY1999 FMFP increase of \$60M for Israel.

- ***Assistance for Jordan***

- Congress earmarked \$45M in grants for Jordan. In addition, the President is authorized to identify and direct drawdowns of defense articles and defense services from DoD stocks, services, and military education and training "of an aggregate value of not less than

\$25M," to be provided on a grant basis for assisting Jordan. Section 506(c) of the FAA applies, but Section 632(d) does not apply to this drawdown. This represents a decrease of \$5M from the total grant and drawdown authority of \$75M for Jordan in FY1998.

- *Assistance for Tunisia*

- Tunisia received a grant of \$7M, of which up to \$5M can be in drawdowns.

- *Assistance for Georgia*

- The Conference Committee recommended that sufficient FMFP funds be made available to Georgia to complete the the funding for the transfer of UH-1H helicopters.

- *African Crisis Response Initiative*

- The Conference Committee supported the full request for the African Crisis Response Initiative so that the funds could be utilized to foster the growth of democracy and the protection of human rights in Africa. It is the opinion of the committee members that the funds should not be directed to undemocratic governments with a history of human rights abuses by their militaries.

- *Countries Prohibited/Restricted from Receiving FMFP Funding*

- For FY1999, no FMFP funding may be provided to Guatemala, Sudan and Liberia; all three countries have been similarly prohibited from receiving FMFP funds for the last three years.

- *FMFP Loans* (repayable credits)

- In addition to non-repayable grants, repayable loans are another key component of the annual FMFP appropriation. These loans require repayment at prevailing Treasury rates of interest (i.e., rates "not less than the current average market yield on outstanding marketable obligations of the United States of comparable maturities"). The AECA, §23(b), requires that all such direct loans be repaid within a period not to exceed twelve years unless otherwise directed by specific legislation; historically, Congress has authorized longer repayment terms (e.g., 30 years) for specific countries.

The authorization of \$167M in Central European Defense Loans is anchored by an appropriation of \$20M subsidy budget authority. The FY1999 CP requests FMFP loans for acquisition of NATO-compatible equipment for those countries destined to join NATO in March 1999. If accepted by the Czech Republic, this envisions a loan for the Regional Airspace initiative through which radar, aircraft communications and navigation systems, and airfield infrastructure improvements will be acquired. The proposed Hungarian loan program is to assist in their armed forces restructuring efforts in becoming a more defensively oriented, Western-style force capable of working side-by-side with U.S. and NATO. If Poland accepts their authorized loan, it may be used in downsizing, modernization, and professionalization of their armed forces.

Table 2**FOREIGN MILITARY FINANCING PROGRAM GRANT FUNDING**
FY 1999 Allocation
(Dollars in Millions)

<u>Country/Program by Geographical Region</u>	<u>FY1998 FMFP Grant Funding</u>	<u>FY1999 Budget Request</u>	<u>FY1999 FMFP Grant Funding</u>
<u>NEAR EAST</u>			
Egypt	\$1,300.000	\$1,300.000	\$1,300.000
Israel	1,800.000	1,800.000	1,860.000
Jordan	50.000	45.000	45.000
Morocco			2.000
Tunisia			<u>2.000</u>
Subtotals, Near East	<u>3,150.000</u>	<u>3, 145.000</u>	<u>3,209.000</u>
<u>EUROPE & THE NIS</u>			
Albania	1.700	2.000	2.000
Bosnia			4.000
Bulgaria	4.200	6.000	6.000
Czech Republic	15.800	7.500	2.500
Estonia	8.300	4.700	3.700
FYROM	19.257	6.000	6.000
Georgia	5.250	1.650	1.650
Hungary	15.800	7.500	2.500
Kazakstan	2.250	1.750	1.800
Kyrgyzstan	1.350	1.300	1.550
Latvia	6.950	4.700	3.700
Lithuania	6.950	4.700	3.700
Moldova	3.450	0.850	0.850
Poland	23.700	10.000	2.000
Romania	3.200	2.300	4.000
Russia	2.250	1.500	1.500
Slovakia	3.200	2.300	2.300
Slovenia	2.500	2.500	2.600
Turkmenistan	0.450	0.600	0.600
Ukraine	3.800	3.400	3.400
Uzbekistan	1.550	1.950	1.650
Central Europe Defense			
Loans Subsidy	<u>12.340</u>	<u>20.000</u>	<u>20.000</u>
Subtotals, Europe & NIS	<u>155.047</u>	<u>100,000</u>	<u>78,000</u>

Table 2 (Continued)**FOREIGN MILITARY FINANCING PROGRAM GRANT FUNDING**
FY 1999 Allocation
(Dollars in Millions)

Country/Program by Geographical Region	FY1998 FMFP Grant Funding	FY1999 Budget Request	FY1999 FMFP Grant Funding
<u>LATIN AMERICA</u>			
Caribbean Regional	<u>3.000</u>	<u>3.000</u>	<u>3.000</u>
Subtotal, Latin America	3.000	3.000	3.000
<u>AFRICA</u>			
Africa Crisis Response Force	12.000	5.000	5.000
East Africa Regional	<u>5.000</u>	<u>5.000</u>	<u>5.000</u>
Subtotal, Africa	17.000	10.000	10.000
<u>MISCELLANEOUS</u>			
Defense Admin Expenses	29.021	29.910	29.910
Enhanced International Peacekeeping	7.000	8.000	7.000
Unallocated			<u>13.090</u>
Subtotal, Miscellaneous	36.021	37.910	50.000
TOTAL GRANT PROGRAM	\$3,348.728	\$3,275.910	\$3,350.000
<u>EUROPE & THE NIS</u>			
Central Europe Defense Loans	<u>100.000</u>	<u>167.000</u>	<u>167.000</u>
TOTAL LOAN PROGRAM	\$100.000	\$167.000	\$167.000
TOTAL GRANT PROGRAM	\$3,348.728	\$3,275.910	\$3,330.000
TOTAL LOAN SUBSIDY	12.340	20.000	20.000
PROGRAM TOTALS [1]	\$3,448.728	\$3,442.910	\$3,497.000

[1] These program totals reflect the sum of all direct grant appropriations excluding the loan subsidy of \$20M plus the actual value of the loan programs.

- ***Loans for Greece and Turkey***

FY1999 saw the end of Greece and Turkey FMFP loan program altogether. FY1997 was the last year either country were offered and accepted FMFP loan funding. FY1998 legislation authorized FMFP loan funding for both countries but the Administration decided not to offer the loans and converted the associated appropriated subsidy to grant funding for other countries. The U.S. will continue to support American equipment in the respective inventories through providing Excess Defense Articles and IMET.

- ***Funding for the General Costs of Administering Military Assistance***

- The FMFP appropriations account also includes funds that are used to finance certain military assistance administration costs. As identified in the *FY1999 Congressional Presentation for Foreign Operations*, these "Defense Administrative Costs" represent the costs to manage the non-FMS segments of security assistance programs as authorized under the AECA and the FAA. These functions include staffing headquarters, personnel management, budgeting and accounting, office services and facilities, and support for non-FMS functions of SAOs. Activities covered by Defense Administrative Costs include administration of the IMET program, management of drawdowns of military equipment, grant transfers of EDA, monitoring end items previously transferred, and full cost recovery associated with International Cooperative Administration Support Services (ICASS). For FY1999, Congress approved the Administration's request for funding at the \$29.91M level.

- ***FMS Administrative Budget***

- This *non-appropriated* budget supports the administrative expenses of security assistance organizations, agencies, military departments, etc., related to the implementation of foreign military sales. The FMS Administrative Budget is funded by surcharges which are added to all FMS cases in order to recover United States Government expenses for the following activities: sales negotiation, case implementation, program control, computer programming, accounting and budgeting, and administration of the FMS Program at command headquarters and higher levels. The funds derived from these charges provide the basic financial resources used in the administration of the Foreign Military Sales Program. Though it remains a non-appropriated funding source, Congress nevertheless followed its current practice of limiting annual administrative expenditures to a specified ceiling. For FY1999, Congress approved an operating budget ceiling of \$340M.

- ***International Military Education and Training (IMET), Title III, Military Assistance***

- The Administration requested \$50M for the FY1999 IMET Program, a figure agreed on by both Congressional committees, and this is the amount that was appropriated. Of this amount, \$1M remains available until expended. (See Table 3 for IMET country and program funding.)

- ***Civilian Participation in IMET***

- The Act provides authority for IMET participation by civilian personnel who are not members of a government if their "participation would contribute to improved civil-military

relations, civilian control of the military, or respect for human rights." Similar authority is provided in §541, FAA.

- *School of the Americas*

- The Secretary of Defense must certify that "the instruction and training provided by the School of the Americas is fully consistent with training and doctrine, particularly with respect to

Table 3

**International Military Education and Training (IMET)
FY1998 and FY1999 Funding
(Dollars in Thousands)**

Country/Program by Geographical Region	FY1998 IMET Allocations	FY1999 Funding Request	FY1999 IMET Allocated
<u>AFRICA</u>			
Angola		175	50
Benin	376	350	350
Botswana	540	450	500
Cameroon	142		150
Cape Verde	153	100	100
Central African Republic	142	90	90
Chad	99	50	50
Comoros	101	75	75
Congo		70	70
Cote d'Ivoire	211	150	150
Djibouti	103	100	100
Eritrea	409	425	425
Ethiopia	259	575	525
Gabon		50	50
Ghana	288	400	400
Guinea	70	150	150
Guinea-Bissau	64	125	125
Kenya	443	400	400
Lesotho	81	75	75
Liberia		100	0
Madagascar	146	100	100
Malawi	284	335	335
Mali	265	280	280
Mauritius	63	50	50
Mozambique	178	180	180
Namibia	203	175	175
Rwanda	473	300	300
Sao Tome & Principe	74	75	75

Table 3 (Continued)**International Military Education and Training (IMET)
FY1998 and FY1999 Funding
(Dollars in Thousands)**

<u>Country/Program by Geographical Region</u>	<u>FY1998 IMET Allocations</u>	<u>FY1999 Funding Request</u>	<u>FY1999 IMET Allocated</u>
Senegal	815	735	735
Seychelles	79	75	75
Sierra Leone			75
South Africa	804	800	850
Swaziland	93	75	75
Tanzania	185	150	150
Togo	35	50	0
Uganda	357	400	400
Zambia	143	150	150
Zimbabwe	<u>335</u>	<u>300</u>	<u>300</u>
Africa Totals	8,014	8,140	8,140

EAST ASIA AND PACIFIC

Indonesia	476	400	550
Malaysia	939	700	700
Mongolia	391	425	425
Papua New Guinea	139	200	200
Philippines	1,278	1,350	1,350
Solomon Islands	112	150	150
Thailand	1,985	1,600	1,600
Tonga	99	100	100
Vanuatu	93	100	100
Western Samoa	<u>96</u>	<u>100</u>	<u>100</u>
Regional Totals	5,608	5,125	5,275

EUROPE & THE NIS

Albania	613	600	600
Belarus	61	100	0
Bosnian & Herzegovina	600	600	600
Bulgaria	950	950	950
Croatia	497	425	425
Czech Republic	1,430	1,350	1,350
Estonia	723	650	650
Georgia	416	380	392
Greece	31	25	25

Table 3 (Continued)**International Military Education and Training (IMET)
FY1998 and FY1999 Funding
(Dollars in Thousands)**

<u>Country/Program by Geographical Region</u>	<u>FY1998 IMET Allocations</u>	<u>FY1999 Funding Request</u>	<u>FY1999 IMET Allocated</u>
Hungary	1,347	1,500	1,500
Kazakhstan	587	550	564
Kyrgyzstan	336	325	333
Latvia	751	650	650
Lithuania	664	650	650
Macedonia	457	450	450
Malta	91	135	135
Moldova	460	450	461
Poland	1,318	1,600	1,600
Portugal	844	700	700
Romania	1,094	1,025	1,025
Russia	732	900	920
Slovakia	621	600	600
Slovenia	654	650	650
Turkey	1,505	1,500	1,500
Turkmenistan	336	300	307
Ukraine	1,250	1,250	1,278
Uzbekistan	<u>457</u>	<u>485</u>	<u>485</u>
Europe & NIS Totals	18,825	18,800	18,800

**AMERICAN
REPUBLICS**

Antigua-Barbuda	123	115	115
Argentina	607	600	600
Bahamas	110	100	100
Barbados	60	90	90
Belize	304	250	250
Bolivia	570	550	550
Brazil	220	225	225
Chile	453	450	450
Colombia	863	800	900
Costa Rica	241	200	200
Dominica	40	40	40
Dominican Republic	556	500	500
Ecuador	534	500	500

Table 3 (Continued)**International Military Education and Training (IMET)
FY1998 and FY1999 Funding
(Dollars in Thousands)**

<u>Country/Program by Geographical Region</u>	<u>FY1998 IMET Allocations</u>	<u>FY1999 Funding Request</u>	<u>FY1999 IMET Allocated</u>
El Salvador	512	500	500
Grenada	58	50	50
Guatemala	225	225	225
Guyana	181	175	175
Haiti	290	300	300
Honduras	500	500	500
Jamaica	504	500	500
Mexico	921	1,000	1,000
Nicaragua	74	200	200
Panama Canal Area			
Military School (PACAMS)	550	550	300
Panama		100	100
Paraguay	216	200	200
Peru	462	450	450
St. Kitts-Nevis	65	55	55
St. Lucia	45	50	50
St. Vincent & the Grenadines	50	50	50
Suriname	82	100	100
Trinidad & Tobago	133	125	125
Uruguay	321	300	300
Venezuela	<u>386</u>	<u>400</u>	<u>400</u>
American Republics Totals	10,256	10,250	10,100
<u>NEAR EAST</u>			
Algeria	126	125	125
Bahrain	251	225	225
Egypt	1,000	1,000	1,000
Jordan	1,600	1,600	1,600
Lebanon	550	550	550
Morocco	907	900	900
Oman	217	225	225
Tunisia	900	900	900
Yemen	<u>142</u>	<u>125</u>	<u>125</u>
Near East Totals	5,693	5,650	5,650
<u>SOUTH ASIA</u>			
Bangladesh	325	350	350
India	177	450	450

Table 3 (Continued)

**International Military Education and Training (IMET)
FY1998 and FY1999 Funding
(Dollars in Thousands)**

<u>Country/Program by Geographical Region</u>	<u>FY1998 IMET Allocations</u>	<u>FY1999 Funding Request</u>	<u>FY1999 IMET Allocated</u>
Maldives, Republic of	101	100	100
Nepal	196	200	200
Pakistan		350	350
Sri Lanka	<u>225</u>	<u>200</u>	<u>200</u>
South Asia Totals	1,024	1,650	1,650
<u>NON-REGIONAL</u>			
General Costs	<u>580</u>	<u>385</u>	<u>385</u>
Non-Regional Totals	580	385	385
FY 1999 IMET TOTAL	\$50,000	\$50,000	\$50,000

the observance of human rights, provided by the Department of Defense to United States military students of Department of Defense institutions whose primary purpose is to train United States military personnel."

The Conference Committee makes the obligation of IMET funds contingent upon the secretarial certification above. In addition, training provided by the School of the Americas during FY 1998 and 1999 would be included in the general training report required by Section 581 of the Appropriations Act.

- ***Indonesia and Guatemala***

- The legislation limits both Indonesia and Guatemala to Expanded IMET funded training only. With respect to Guatemala, IMET funds may only be made available to the Government of Guatemala following a 15-day prior notification of the House and Senate Appropriations Committees.

- The limits on grant training provided to Indonesia is in line with the Conference Committee's desire to support a peaceful resolution to the situation in East Timor. The conferees believe that the limitation of training to E-IMET would bolster efforts by the Indonesian government to respect and protect human rights and democratic pluralism.

- **Economic Support Fund (ESF), Title II, Bilateral Economic Assistance**

- The Administration requested \$2,563.6M for the ESF Program for FY1999; however, only \$2,436.6 was appropriated. (See Table 4 which identifies congressionally earmarked funding for FY1998 and FY1999.)

Table 4

**Economic Support Fund (ESF)
FY 1998 and FY1999 Funding
(Dollars in Thousands) (E=Earmark) (C = Ceiling)**

<u>Country/Program by Geographical Region</u>	<u>FY1998 Actual Funding</u>	<u>FY1999 Budget Request</u>	<u>FY1999 Allocated Funding</u>
<u>MIDDLE EAST</u>			
Egypt	815,000 E	815,000	775,000 E
Israel	1,200,000 E	1,200,000	1,080,000 E
Jordan	24,330	150,000	150,000 E
Lebanon	12,000	12,000	12,000
Middle East Democracy	3,680	4,000	2,500
Middle East Development Bank		52,000	
Middle East Peace Process			
Multilaterals	3,5000	5,000	3,000
Middle East Regional	7,000	7,000	6,000
Iraq Opposition	5,000		3,000
West Bank-Gaza	<u>85,000</u>	<u>100,000</u>	<u>75,000</u>
Regional Totals	2,155,510	2,143,000[1]	2,106,500
<u>EUROPE and the NIS</u>			
Albania		10,000	
Cyprus	15,000 E	15,000	15,000 E
Ireland	19,600 E	19,600	19,600 E
Bosnia Demining	2,000		
Republica Srpska	<u>5,000</u>	_____	_____
Regional Totals	41,600	44,600	34,600

Table 4 (Continued)

**Economic Support Fund (ESF)
FY1998 and FY1999 Funding
(Dollars in Thousands) (E=Earmark) (C = Ceiling)**

<u>Country/Program by Geographical Region</u>	<u>FY1998 Actual Funding</u>	<u>FY1999 Budget Request</u>	<u>FY1999 Allocated Funding</u>
<u>SUB-SAHARAN AFRICA</u>			
Africa Regional Fund	\$5,000	\$15,000	\$15,000
Angola	5,000	2,000	
Liberia		5,000	
Democratic Rep. of Congo	9,500	8,000	
Kenya (bombing victims)	850		
Tanzania (bombing victims)	150		
Rwanda-Burundi VOA	500		
South Africa Internships	250		
South African Development Community Initiative		2,000	2,000
Education	5,000	10,000	10,000
Great Lakes Initiative		25,000	25,000
FY 99 Emergency Supp.		<u>50,000</u>	<u>50,000</u>
Africa Totals	26,250	117,000	102,000
<u>SOUTH ASIA</u>			
Pakistan	3,000		
South Asia Democracy	<u>3,000</u>	<u>2,750</u>	<u>2,750</u>
South Asia Totals	6,000	2,750	2,750
<u>LATIN AMERICA & CARIBBEAN</u>			
AOJ/ICITAP [2]	9,930	10,000	10,000
Guatemala	25,000	25,000	25,000
Haiti	70,000	140,000	70,000
Latin American Regional	11,047	13,000	13,000
Peru/Venezuela Elections	250		
Vital Voices	<u>100</u>		
Latin America Totals	116,350	188,000	118,000
<u>EAST ASIA AND PACIFIC</u>			
ASEAN Regional Forum	250	250	250

Table 4 (Continued)

**Economic Support Fund (ESF)
FY 1998 and FY1999 Funding
(Dollars in Thousands) (E=Earmark) (C = Ceiling)**

<u>Country/Program by Geographical Region</u>	<u>FY1998 Actual Funding</u>	<u>FY1999 Budget Request</u>	<u>FY1999 Allocated Funding</u>
ASIAN Environment Initiative	4,000	4,000	4,000
Asia Regional Fund	3,950	5,000	2,300
Burma	3,500		3,500
Cambodia	10,000	20,000	10,000
Indonesia Forest Fires	800		
Korea Peninsula Energy Development Org.	12,000		
Mongolia	8,000	6,000	
South Pacific Environment	200		
So. Pacific Fisheries Treaty	14,000	14,000	14,000
Thai/Indonesia Financial Technical Assistance			5,000
Treasury Tech Assistance	<u>300</u>		
East Asia and Pacific Totals	57,000	49,250	39,050
<u>NON-REGIONAL</u>			
Human Rights and Democracy	7,820	9,000	9,000
Holocaust Victims Trust Fund	4,000	10,000	10,000
Export Controls	4,000		
Unallocated	<u>1,070</u>		<u>14,700</u>
Non-Regional Totals	16,890	19,000	33,700
TOTAL ECONOMIC SUPPORT FUNDS	\$2,419,600	\$2,563,600	\$2,436,000

[1] The FY 99 request for the ME totaled \$2.345 billion. However, a formula was developed so that final spending was not to exceed \$2.143 billion.

[2] AOJ/ICITAP - Administration of Justice/International Criminal Investigation Training Assistance Program of the U.S. Department of Justice.

- *Assistance for Israel*

- This year's appropriation earmarks \$1,080M for Israel and \$775M for Egypt. This is a significant break with the levels for these two countries that have prevailed for the last twelve years. The Conference Committee thanked Israeli Prime Minister Netanyahu and the Government of Israel for their proposal to eliminate economic aid over the next decade. In recognition of Israel's economic growth, technological advances, and financial progress, the Conference Committee recommended a phased reduction in Israel's economic assistance, implemented in equal increments of \$120M per year for a period of ten years. The result will be the elimination of ESF for Israel. However, realizing the security threats in the Middle East, the Conference Committee proposed transferring half of the ESF reduction to military assistance, thus enabling Israel to fully ensure its security. The committee members presume that the \$60M increase in the FMF budget for FY1999 will be continued each year by future congresses as the ESF diminishes.

- In addition, the Conference Committee deleted a Senate declaration of policy that the annual appropriations for ESF will not be less than the annual debt repayment of Israel to the U.S. (the "Cranston Amendment" which first appeared in 1983). The conferees agreed that, in light of the agreement to phase out ESF, this requirement was no longer necessary.

- The ESF funding for Israel is once again to be made available as a cash transfer and is stipulated to be disbursed no later than 31 October 1998.

- *Assistance for Egypt*

- With respect to Egypt, the Conference Committee noted Egypt's critical role in the Middle East and essential role in the peace process. Egypt's economic and security needs are unique and distinct from other countries in the region. The Conferees decided that Egypt's overall budget requirements must be reduced to meet current budget requirements. Thus the conference Committee proposed reducing Egypt's ESF budget in equal increments to reach a level half of the 1998 level in ten years. Consequently, the Committee recommended an appropriation of \$775M for Egypt's share of ESF for FY1999, which is \$40M less than prior years' funding.

- Cash transfer of Egypt's grant ESF appropriation is also again authorized for FY1999, "with the understanding that Egypt will undertake significant economic reforms which are additional to those which were undertaken in previous fiscal years."

- *Assistance for Jordan*

- Provisions were made for not less than \$150M to be provided to Jordan. The Conference Committee commended Jordan's constructive and critical role in the peace process, and the ESF should permit Jordan to continue in its efforts in both the economic and security areas. The Committee also encouraged Jordan to continue its ongoing economic reform program.

- *Assistance for Victims of the Holocaust*

- In an effort to see that the legacy of the Holocaust is addressed in a constructive manner and that a measure of justice and redress is provided to the survivors of the Holocaust, not more than \$10M was appropriated for support of Holocaust victims. The funds will be a United States contribution to the Holocaust Victims Redress Fund through the "Special

Persecutee Relief Fund Account" established in the Federal Reserve Bank of New York. This will be part of an expected contribution by the U.S. of \$25M over a three-year period. Prior year ESF recoveries of \$4M were allocated to the Holocaust Victims Redress Fund in 1997.

- *Assistance for Eastern Europe and the Baltic States (Title II)*

- For FY1999, Congress has appropriated \$430M for economic assistance and related programs for Eastern Europe and the Baltic States to carry out the provisions of the FAA and the Support for Eastern European Democracy (SEED) Act of 1989. This is a decrease of \$55M above the \$485M appropriated for this account for FY1998. Several stipulations relating to assistance for the Federation of Bosnia and Herzegovina, as proposed by the House, are attached to this account and are discussed below.

- Not more than \$200M of this account funds may be made available may be made available for Bosnia and Herzegovina

- However, as in FY1998, none of these FY1999 funds may be used "for new housing construction or repair or reconstruction of existing housing in Bosnia and Herzegovina unless directly related to efforts of United States troops to promote peace in said country."

- Also, the President is authorized to withhold economic revitalization program funds for Bosnia and Herzegovina if he determines and certifies to the House and Senate Appropriations Committees that:

- (1) the Federation of Bosnia and Herzegovina has not complied with the 1995 Dayton Agreement [Article III of Annex 1-A, *General Framework Agreement for Peace in Bosnia and Herzegovina*] regarding the withdrawal of foreign forces; and that,

- (2) "intelligence cooperation on training, investigations, and related activities between Iranian and Bosnian officials has not been terminated."

- *Assistance for the New Independent States (NIS) of the Former Soviet Union (FSU) (Title II)*

- For FY1999, Congress appropriated \$801M for the NIS and for related programs, an increase of \$31M (or 4%) above the \$770M appropriated for FY1998. As in prior years, a wide array of special conditions and funding earmarks are attached to this account, as the following examples illustrate:

- (a) Of the funds allocated for **Russia**, fifty percent shall be withheld from obligation until the President determines and certifies to the Congress that the Government of Russia has terminated implementation of arrangements to provide Iran with technical expertise, training, technology, or equipment necessary to develop a nuclear reactor, related nuclear research facilities or programs or ballistic missile capability. However, such funds may be made available to Russia if the President certifies to Congress that to do so

- (1) is vital to the national security interest of the U.S. and

(2) that the Government of Russia is taking meaningful steps to limit major supply contracts and to curtail the transfer of technology and technological expertise to Iran.

- (b) Not less than \$195M shall be made available for **Ukraine**.

(1) Not less than \$25M of such funds should be dedicated to nuclear reactor safety programs, of which not less than \$1M shall be available for personnel security initiatives at all nuclear reactor installations.

(2) Fifty percent of the funds under this subsection, exclusive of those for nuclear safety and law enforcement reforms, shall be withheld from obligation and expenditure until the Secretary of State reports to the Committees on Appropriations that Ukraine has undertaken significant economic reforms in addition to those achieved in FY 1998 and include reform and effective enforcement of commercial and tax codes and continued progress on the resolution of complaints by United States investors. This report will be provided 120 days after enactment.

- (c) Funds made available for assistance to **Mongolia** in FY1999 will be at a level at least equivalent to that of FY 1998 (i.e., \$12 M).

- (d) For FY1999, not less than \$228M shall be made available for the **Southern Caucasus Region**, with funding ceilings as follows:

- (1) Seventeen and one-half percent of this funding (or \$39.9M) "should be used for reconstruction and other activities relating to the peaceful resolution of conflicts within the region, especially those in the vicinity of **Abkhazia** and **Nagorno-Karabakh**." [Abkhazia is a former autonomous republic located in the northwest portion of the Republic of Georgia. Separatists in this region have been deeply involved in a conflict with the Government of Georgia. Nagorno-Karabakh is an Armenian enclave in the Republic of Azerbaijan that has been similarly engaged in separatist conflict.]

- (2) Thirty-five percent (\$79.8M) shall be made available for assistance in **Armenia**, and of these funds not less than 12 percent shall be made available for an endowment for the American University in Armenia.

- (3) Thirty-seven percent (\$84.36M) shall be made available for Georgia.

- ***International Fund for Ireland (Title II)***

- As in the past several years, Congress appropriated \$19.6M in ESF for the International Fund for Ireland.

- In 1986, the British and Irish government established the International Fund for Ireland to permit contributors to demonstrate support for the Anglo-Irish Agreement of 1985. The European Union is the major contributor to the Fund, and contributions are also received from Canada, Australia, and New Zealand, as well as the United States. The Fund has promoted peace by contributing to the creation of thousands of jobs and by improving the economic situation of Northern Ireland and the border counties of Ireland, addressing needs in both Catholic and Protestant communities.

• *Miscellaneous Appropriations and Related Provisions, Title II, Bilateral Economic Assistance*

• *Funding for Cyprus*

• For FY1999, as in the three previous fiscal years, the annual \$15M funding earmarked for Cyprus has been designated to be drawn from the annual Economic Support Fund and the Development Assistance appropriations accounts. The final allocation of \$15M was made from ESF.

• The purpose of this funding for Cyprus remains unchanged: the funds are to be used only for scholarships, administrative support of the scholarship program, bicomunal projects, and measures aimed at reunification of the island and designed to reduce tensions and promote peace and cooperation between the two communities on Cyprus

• *Funding for Burma*

• As with Cyprus, an earmark of not less than \$6.5M is to be drawn from both the Development Assistance and Economic Support Fund accounts for FY1999 to support democracy and humanitarian activities in Burma, along the Burma-Thailand border, and for activities of Burmese student groups and other organizations located outside Burma. Only \$3.5M was allocated through ESF.

• *Funding for Indonesia*

• Not less than \$75M may be made available to Indonesia from both the Economic Support Fund and the Development Assistance Fund, provided that not less than \$15M goes to activities administered by the Office of Transition Initiatives. Of the amount made available, up to \$25M may be derived from funds that are available for obligation pursuant to section 511 of this Act or any comparable provision of the law. Ultimately none of these funds was made available from ESF.

• *Funding for Cambodia*

• None of the funds appropriated by this Act may be used until the Secretary of State reports to Congress that the Government of Cambodia has

(1) Credibly resolved all election-related disputes and complaints filed with the National Election Commission and the Constitutional Council;

(2) Discontinued all political violence and intimidation of journalists and opposition parties;

(3) Been formed through credible democratic elections.

• These restrictions do not apply to demining or activities administered by nongovernmental organizations.

- ***Nonproliferation, Anti-Terrorism, Demining, and Related Programs (NADR), Title II, Bilateral Economic Assistance***

- This section funds many activities provided for in various pieces of legislation. The funds support anti-terrorism assistance authorized by the FAA, funding of the Nonproliferation and Disarmament Fund (NDF) as described in the FREEDOM Support Act, demining activities under the FAA and AECA, and voluntary contributions to the Korean Peninsula Energy Development Organization (KEDO), International Atomic Energy Agency (IAEA), and Comprehensive Nuclear Test Ban Treaty Preparatory Commission.

- FY1999 appropriations for the NADR account total \$198M. Of this amount, not more than \$15M can be made available for the Nonproliferation and Disarmament Fund, and \$35M should be made available for demining, clearance of unexploded ordnance, and related activities. The allocation of fund for this section is shown in Table 5.

Table 5

**Nonproliferation, Anti-terrorism, Demining and Related Programs
FY 1999 Allocation
(\$ in millions)**

<u>Program</u>	<u>FY 1998 Actual</u>	<u>FY 1999 Request</u>	<u>FY 1999 Allocation</u>
NDF	15.000	15.000	15.000
Anti-terrorism Assistance	19.000	21.000	21.000
Demining	20.000	50.000	35.000
Science Centers [1]	[16.000]	21.000	[21.000]
Export Control Assistance	3.000	5.000	5.000
KEDO	40.000	35.000	35.000
IAEA	36.000	40.000	40.000
CTBT Preparatory Commission [2]	[6.537]	28.900	28.900
Unallocated			<u>18.100</u>
Total	133.000	215.900	198.000

[1] FY1998 and 1999 funding in Freedom Support Act

[2] FY1998 funding in ACDA and International Conferences and Contingencies Accounts.

- ***Migration and Refugee Assistance - MRA (Title II)***

- Administered by the Department of State, MRA enables the Secretary of State to provide assistance to the international Committee of the Red Cross, the International Organization for Migration, and the United Nations High Commissioner for Refugees. For FY1999, \$640M was appropriated, a cut of \$10M from the previous year.

- Not less than \$70M of this account is earmarked for the support of refugees from the former Soviet Union and Eastern Europe and other refugees resettling in Israel.

- ***U.S. Emergency Refugee and Migration Assistance-ERMA (Title II)***

- The Department of State also administers the ERMA program. Funding from the ERMA account is drawn upon by the President to meet unexpected urgent refugee and migration needs when such assistance is determined to be important to the United States. For FY1999, this account is funded at \$30M, down from the \$50M provided in each of the past three years. These funds are treated as a "no-year" appropriation, as they remain available until expended.

- ***International Narcotics Control-INC (Title II)***

- Congress appropriated \$261M for the FY1999 International Narcotics Control Program, a \$46M increase above the FY1998 appropriation.

- Other FY1999 statutory provisions involving the INC program include the following:

- (1) Authorization for the State Department, to use the authority of §608, FAA, to receive excess property from an agency of the U.S. Government "for the purpose of providing it to a foreign country" under the INC provisions (Chapter 8 of Part I) of the FAA;

- (2) No funds may be used to establish or operate an International Law Enforcement Academy for the Western Hemisphere outside the United States. New funding of \$5M shall be allocated to establish and operate the International Law Enforcement Academy for the Western Hemisphere at the deBremond Training Center in Roswell, New Mexico.

- (3) Ten percent of the INC appropriation shall be held back from obligation, "until the Secretary of State submits a report to the Committees on Appropriations providing a financial plan for the funds appropriated for INC and for the related "Narcotics Interdiction" program discussed below.

- ***International Disaster Assistance-IDA (Title II)***

- For the necessary expenses associated with international disaster relief, rehabilitation, and reconstruction assistance, Congress appropriated \$200M for FY1999 to remain until available.

- ***Peacekeeping Operations (PKO) (Voluntary), Title III, Military Assistance***

- For FY1999, the Administration requested \$83M for voluntary peacekeeping operations assistance to friendly countries and international organizations. The level adopted by the Conference Committee and enacted for FY1999 was \$76.5M. [See Table 6 which identifies PKO country and program funding for FY1998 and FY1999.]

- Voluntary PKO appropriations reflect U.S. interest in supporting, on a voluntary basis, various peacekeeping activities that are not United Nations mandated and/or are not funded by U.N. assessments. The Voluntary PKO account promotes conflict resolution, multilateral peace operations, sanctions enforcement, and similar efforts outside the context of assessed U.N. peacekeeping operations. Funding for Voluntary Peacekeeping Operations is distinct from the

bulk of international peacekeeping assistance which is contributed by the U.S. and other countries in fulfillment of their United Nations financial assessments, and which in U.S. budget documentation is termed, "Contributions for International Peacekeeping Activities" (CIPA).

Table 6
Peacekeeping Operations (PKO)
FY 1998 and FY1999 Funding
(Dollars in Thousands)

<u>Program</u>	<u>FY1998 PKO Allocations</u>	<u>FY1999 Budget Request</u>	<u>FY1999 PKO Allocations</u>
Africa Regional	\$7,130	\$8,000	\$4,000
African Crisis Response Initiative	10,000	15,000	15,000
Haiti	14,112	10,000	10,000
Israel-Lebanon Monitoring Group	812	1,000	1,000
Lockerbie Trial	4,946		
Multinational Force and Observers	15,500	16,000	15,500
Organization of African Unity		2,000	
Organization of American States		1,000	1,600
OSCE (Bosnia/Croatia) [1]	25,000	30,000	25,000
OSCE (Kosovo)			<u>10,000</u>
PKO Total	\$77,500	\$83,000	\$76,500

[1] OSCE - Organization for Security and Cooperation in Europe

- ***Miscellaneous Appropriations and Related Provisions, Title V, General Provisions***
 - ***Limitations on Entertainment and Representational Allowances (§505)***
 - Congress set ceilings on FY1999 FMFP and IMET allowances that are identical to those authorized for several years:
 - (1) FMFP: Not to exceed \$2,000 is available for entertainment expenses, and not to exceed \$50,000 shall be available for representational allowances,
 - (2) IMET: Not to exceed \$50,000 shall be available for entertainment.
 - ***Limitation on Assistance to Countries in Default (§ 512) [“Brooke Amendment”]***
 - No assistance shall be provided to countries in default for a period in excess of one year in payments to the U.S. of principal or interest on a program for which funds are appropriated by this Act.

- This section and Section 620(q) of the FAA shall not apply to funds appropriated by this Act or during this fiscal year for Nicaragua, Brazil, Liberia, and for any narcotics-related Assistance for Colombis, Bolivia, and Peru authorized by the FAA or the AECA.

- ***Special Notification Requirements (§520)***

- A special 15-day advance notification to the Committees on Appropriations is required prior to obligating or expending any of the funds appropriated in P.L. 105-277 for FY1999 for Colombia, Haiti, Honduras, Liberia, Pakistan, Serbia, Sudan, or the Democratic Republic of Congo.

- Removed from the FY1998 list for which this notification requirement applied are Panama and Peru.

- Added to the FY1998 list for FY1999 is **Honduras**.

- ***Landmines (§555)***

- For FY1999, Congress extended an authority first provided in FY1997 to authorize the provision of U.S. "demining equipment available to the Agency for International Development and the Department of State to be used in support of the clearance of landmines and unexploded ordnance for humanitarian purposes, to be disposed of on a grant basis in foreign countries, subject to such terms and conditions as the President may prescribe." [See also discussion of demining funding in Miscellaneous Appropriations and Related Provisions section below.]

- ***Limitations on Assistance for Haiti (§561 and §565)***

- §561 prohibits foreign assistance funds (other than for humanitarian, electoral, counter-narcotics, or law enforcement assistance) from being made available to **Haiti** until the President determines that the Government of Haiti:

- (1) has completed privatization of (or placed under long-term private management or concession) three major public enterprises;

- (2) has re-signed or is implementing the Bilateral Repatriation Agreement with the U.S. and in the preceding six months has cooperated in halting illegal emigration from Haiti;

- (3) is conducting thorough investigations of extrajudicial and political killings which have occurred in Haiti and is making progress in bringing those responsible for the killings to trial;

- (4) has taken action to remove from the Haitian National Police, national palace and residential guard, ministerial guard and any other public security entity of Haiti those individuals who are credibly alleged to have engaged in or conspired to conceal gross violations of international recognized human rights; and

- (5) has ratified or is implementing the maritime counter-narcotics agreements signed in October 1997.

- In a related separate provision (§565), the Government of Haiti shall be eligible to purchase defense articles and services [through FMS] under the AECA, "for the civilian-led Haitian National Police and Coast Guard" subject to the regular reporting notification procedures of the Committees on Appropriations.

- ***Limitation on Assistance to Security Forces (§568)***

- This "Leahy Amendment" provision prohibits U.S. assistance funds from being provided to any unit of the security forces of a foreign country "if the Secretary of State has credible evidence that such unit has committed gross violations of human rights. . . ."

- When such assistance funds are withheld from any such unit under this provision, "The Secretary of State shall promptly inform the foreign government of the basis for such action and shall, to the maximum extent practicable, assist the foreign government in taking effective measures to bring the responsible members of the security forces to justice so funds to the unit may be resumed."

- The Conference Committee did not intend that "credible evidence" must be admissible in a court of law. The Committee also defined "taking effective measures" as a government carrying out a credible investigation and that the individuals involved face appropriate disciplinary action or impartial prosecution in accordance with local law.

- ***Additions Relating to the Stockpiling of Defense Articles for Foreign Countries (§571)***

- §514(b)(2), FAA, establishes the annual value of defense articles located abroad that may be set aside, reserved, or otherwise earmarked from U.S. military inventories for use as war reserve stocks for allies (WRSA) or for other countries (other than for NATO or Israel). The title to these stocks and their control remains with the U.S. government, and any future transfer of any of these items must be in accordance with the provisions of the security assistance legislation prevailing at the time of such transfer.

- Congress has amended §514(b)(2), FAA, to approve WRSA additions totaling \$340M for FY1999. Of the total, such additions valued at not more than \$320M are authorized to be transferred to stockpiles in the Republic of Korea, and not more than \$20M for stockpiles in Thailand.

- ***Withholding Assistance to Countries Violating United Nations Sanctions Against Libya (§574)***

- This provision requires the President to withhold from obligation and expenditure not less than five percent of U.S. assistance funds (other than funds for humanitarian and development assistance) that have been allocated to any country if he determines and certifies to Congress that such country is violating any sanction imposed against Libya pursuant to U.N. Security Council Resolutions 731, 748, or 883. Funds may nevertheless be provided for such a country if the President determines that to do so is in the national security interest of the U.S.

- ***Aid to the Government of the Democratic Republic of Congo (§575)***

- None of the FY1999 funds appropriated or otherwise made available by P.L. 105-277 may be furnished to the central Government of the Democratic Republic of Congo until such time as the President reports to Congress that such Government:

- "is cooperating fully with investigators from the United Nations in accounting for human rights violations committed in the Democratic Republic of Congo or adjacent countries."

- is implementing a credible democratic transition program.

- These restrictions do not apply to assistance to promote democracy and the rule of law as part of a plan to implement a credible democratic transition program.

- ***Assistance for the Middle East (§576)***

- The legislation imposes a ceiling of \$5,402,850,000 on the total amount of U.S. assistance that can be made available for Israel, Egypt, Jordan, Lebanon, the West Bank and Gaza, the Israel-Lebanon Monitoring Group, the Multinational Force and Observers, the Middle East Regional Democracy Fund, Middle East Regional Cooperation, and Middle East Multilateral Working Groups.

- This overall ceiling applies to assistance provided under all of the following programs: Economic Support Fund, Foreign Military Financing Program, International Military Education and Training, Peacekeeping Operations, for refugees resettling in Israel (under the heading "Migration and Refugee Assistance"), and for anti-terrorism assistance to Israel (under the heading Nonproliferation, Anti-Terrorism, Demining, and Related Programs).

- Further, this provision also prohibits the use of prior year funds in the accounts listed above that were allocated for other regions (such as Africa and Latin America) to fund any of the programs listed above for Middle East countries and activities.

- This ceiling limitation may be waived if the President determines and certifies to the Committees on Appropriations that it is important to the U.S. national security interest to exceed the imposed ceiling

- ***Report on All United States Military Training Provided to Foreign Military Personnel (§581)***

- Section 581 requires that the Departments of Defense and State provide to Congress no later than 31 January 1999 a report on all military training provided to foreign military personnel under the auspices of any program during fiscal years 1998 and 1999. The report must contain:

- (1) the location of training;

- (2) the duration of training;

(3) the number of foreign military personnel by country, including their units of operation;

(4) the cost of the training;

(5) the purpose and nature of the training; and

(6) an analysis of the manner and the extent to which the training meets or conflicts with the foreign policy objectives of the U.S., including the furtherance of democracy and civilian control of the military and promotion of human rights.

- ***Iraq Opposition (§590)***

- Not less than \$8M shall be made available for assistance to Iraqi democratic opposition for such activities as organization, training, communication and dissemination of information, and developing and implementing agreements among opposition groups. Not less than \$3M of this amount shall be made available to the Iraqi National Congress.

- ***Korean Peninsula Energy Development Organization (§592)***

- Section 614 of the FAA may not be used during FY 1999 for the Korean Peninsula Energy Development Organization to authorize the use of more than \$35M of such funds made available for use under that Act or the AECA.

- ***AECA, Section 36 Notification Requirements (§594)***

- No less than fifteen days prior to export to any country ineligible for IMET or FMFP, Congress must be notified of the proposed sale of lethal defense articles and services in the value of \$14M or less.

- ***India-Pakistan Relief Act of 1998, Division A, Section 101(a), Agriculture Appropriations Act for FY 1999, Title IX, within the Omnibus Consolidated and Emergency Supplemental Appropriations for FY 1999***

- On 11 and 13 May 1998, India conducted a total of five nuclear weapons tests at its Pokhran testing facility. This caused the President to report to Congress in accordance with Section 102, AECA (the “Glenn Amendment”), the sanctioning of nearly all forms of U.S. assistance and trade with India. On 28 and 30 May 1998, neighboring Pakistan also conducted a series of nuclear weapons tests. This, likewise, caused the President to promptly announce on 28 May 1998 the imposition of the “Glenn Amendment” sanctions on Pakistan. Neither country has signed the Comprehensive Nuclear Test Ban Treaty (NTBT).

- Section 901 provided the President the authority to waive for one year after enactment (through 20 Oct 99) any sanction contained in Sections 101 or 102, AECA; Section 620E (e), FAA; or Section 2 (b) (4), Export-Import Bank Act. However, this waiver authority is not to apply to any restrictions in:

- Section 102 (b) (B), AECA, pertaining to FMS sales and DCS export licensing,
- Section 102 (b) (C), AECA, pertaining to FMFP credits, or

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- Section 102 (b) (G), AECA, pertaining to Section 6, EAA dual-use export licensing.
 - On 12 November 1998, the President notified Congress of his 3 November 1998 decision to exercise the authorized waiver of the “Glenn Amendment” sanctions for both countries, for the one year. Specifically, activities by the Export-Import Bank, the Overseas Private Investment Corporation (OPIC), the Trade and Development Agency, and U.S. banking within India and Pakistan are to be resumed. The International Military Education and Training (IMET) program is also to be resumed.
 - ***Foreign Affairs Reform and Restructuring Act of 1998, Division G, of the Omnibus Consolidated and Emergency Supplemental Appropriations for FY 1999***
 - Section 1211 abolishes the U.S. Arms Control and Disarmament Agency (ACDA) no later than 1 April 1999. The functions of ACDA will be transferred to the Department of State, for all practical purposes, specifically to the Under Secretary of State for Arms Control and International Security (T).
 - Added new functions for the Under Secretary are generally described in Section 1213:
 - Assist the Secretary and Deputy Secretary in matters related to international security policy, arms control, and nonproliferation.
 - Subject to the direction of the President, attend and participate in the meetings of the National Security Council (NSC) in his role as Senior Advisor to the President and the Secretary of State on Arms Control and Nonproliferation Matters.
 - Section 1225 (a) amends the AECA wherever required to reflect the disestablishment of ACDA.
 - Section 36 (b)(1)(D) - "36 (b)" FMS notification to Congress. Strikes ADCA from providing the required nonproliferation/arms control assessment and inserting "the Secretary of State in consultation with the Secretary of Defense and the Director of Central Intelligence" to provide the assessment.
 - Section 38 (a)(2) - Issuing DCS export licenses. Strikes ACDA being consulted for a nonproliferation/arms control assessment when deciding to issue an export license. This does not negate an assessment process taking place within State Department, and inserts "take into account" the same required issues relating to nonproliferation/arms control before licensing.
 - Section 42 (a)(1)(C) - Allowing OCONUS coproduction or licensed production of U.S.-origin defense articles. Strikes ACDA being consulted for a nonproliferation/arms control assessment when deciding to allow OCONUS production. This negates the formal assessment requirement but does not negate the various required issues relating to nonproliferation/arms control being "taken into consideration" before allowing OCONUS production.
 - Sections 71 (a), 71 (b)(1), 71 (b)(2), 71 (c), and 73 (d) - Issuing DCS export licenses for Missile Technology Control Regime (MTCR) items on the U.S. Munitions List (USML). Administratively removes ACDA from this licensing process.
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- Similarly, Section 1225 (b) amends the FAA where required to reflect the disestablishment of ACDA.

- Section 511 - Providing military assistance authorized by the FAA. Strikes ACDA being consulted for a nonproliferation/arms control assessment when deciding to provide FAA-authorized military assistance. This does not negate an assessment process taking place within State Department, and inserts "take into account" the same required issues relating to nonproliferation/arms control before providing the assistance.

- Likewise, the *U.S. Peace Institute Act*, the *Atomic Energy Act of 1954*, the *Nuclear Non-Proliferation Act of 1978*, the *State Department Basic Authorities Act of 1956*, and the *Foreign Relations Authorization of 1972* are amended to reflect the disestablishment of ACDA. In many instances, "the Secretary of State" is substituted where necessary.

- Section 1311 abolishes the U.S. Information Agency (USIA) no later than 1 October 1999. The functions of USIA will be transferred to the Department of State, for all practical purposes, specifically to the Under Secretary of State for Public Diplomacy. Several amendments are made to an assortment of laws implementing the disestablishment.

- The U.S. International Development Cooperation Agency (IDCA) is immediately abolished by Section 1411, except for the U.S. Agency for International Development (USAID) or the Overseas Private Investment Corporation (OPIC). Any funding made available to IDCA after 1 October 1997 is allocated to the Secretary of State. Several amendments are made to an assortment of laws to reflect the disestablishment.

- USAID is reorganized by Section 1511 to take place not later than 1 April 1999. The Director of USAID reports to and is under the direct authority and foreign policy guidance of the Secretary of State.

- According to Section 1523, under the direction of the President, the Secretary of State shall coordinate all U.S. assistance, including:

- (1) *Part I, Chapter 1 of the FAA*, relating to development assistance

- (2) *Part II, Chapter 4 of the FAA*, relating to the economic support fund (ESF)

- (3) *Part I, Chapter 10 of the FAA*, relating to the development fund for Africa

- (4) *Part I, Chapter 11 of the FAA*, relating to assistance for the independent states of the former Soviet Union

- (5) *The Support for East European Democracy Act* [22 USC 5401 et seq].

- In addition to other already legislated authorities, the Secretary of State's coordination activities are to include:

- (1) Approving an overall assistance and economic cooperation strategy

(2) Ensuring program and policy coordination among agencies of the U.S. Government in carrying out the policies set forth in the FAA, AECA, and other relevant assistance Acts

(3) Pursuing coordination with other countries and international organizations

(4) Resolving policy, program, and funding disputes among U.S. Government agencies.

- However, coordination of activities relating to the promotion of exports of U.S. goods and services are to continue to be primarily the responsibility of the Secretary of Commerce. Likewise, the coordination of activities relating to U.S. participation in international financial institutions and relating to organization of multilateral efforts aimed at currency stabilization, currency convertibility, debt reduction, and comprehensive economic reform programs are to continue to be primarily the responsibility of the Secretary of the Treasury.

- ***Foreign Relations Authorizations Act, Fiscal Years 1998 and 1999, Subdivision B, within Division G, Foreign Affairs Reform and Restructuring Act of 1998***

- Section 2101 (4), Security and Maintenance of United States Missions, authorizes the appropriation of \$404,000,000 for FY1998 and \$403,561,000 for FY1999.

- Similarly, Section 2101 (9) (A) , Protection of Foreign Missions and Officials, appropriates \$7,900,000 for FY1998 and \$8,100,000 for FY1999.

- Section 2207 - amends Title I of the *State Department Basic Authorities Act of 1956* with a new Section 56, Accounting of Collections in Budget Presentation Document, as follows:

"The Secretary shall include in the annual Congressional Presentation Document and the Budget in Brief a detailed accounting of the total collections received by the Department of State from all sources, including fee collections. Reporting on total collections shall also cover collections from the preceding fiscal year and the projected expenditures from all collections accounts."

- Section 2216 - Human Rights Reports. Amends Section 116 (d), FAA, requiring the annual human rights report by 25 February (vice 31 January). This section also inserts a new reporting requirement as "(3) the status of child labor practices in each country, including-(A) whether such country has adopted policies to protect children from exploitation in the workplace, including a prohibition of forced and bonded labor and policies regarding acceptable working conditions; and (B) the extent to which each country enforces such policies, including the adequacy of the resources and oversight dedicated to such policies." Paragraphs (3), (4), (5), and (6) are redesignated as paragraphs (4), (5), (6), and (7), respectively.

- Section 2812 - Support for democratic opposition in Iraq.

- \$3,000,000 is authorized to be appropriated for FY1998 for assistance to an international commission to establish an international record for the criminal culpability of Saddam Hussein and other Iraqi officials and for an international criminal tribunal.

- \$15,000,000 is authorized to be appropriated for FY1998 to provide support for democratic opposition forces in Iraq. Of which, \$10,000,000 is to be used for assistance to the democratic opposition, including leadership organization, training political cadre, maintaining offices, disseminating information, and developing and implementing agreements among opposition elements. Of which, \$5,000,000 is to be used for grant aid support to RFE/RL, Incorporated, to designated as "Radio Free Iraq," for surrogate radio broadcasting in Arabic to the Iraqi people.

- \$20,000,000 is authorized to be appropriated for FY1998 for the relief, rehabilitation, and reconstruction of people living in Iraq and communities in Iraq not under control of the Saddam Hussein regime.

- ***European Security Act of 1998, Title XXVII, within Subdivision B, Foreign Relations Authorization Act, Fiscal Years 1998 and 1999, within Division G, Foreign Affairs Reform and Restructuring Act of 1998***

- Section 2702 - Statement of Policy. Congress urges the President to outline a clear and complete strategic rationale for the enlargement of NATO; and declares, among other things, that:

- Poland, Hungary, and Czech Republic should not be the last emerging democracies in Central and Eastern Europe invited to join NATO.

- The U.S. should ensure that NATO continues a process whereby all other emerging democracies in Central and Eastern Europe that wish to join NATO will be considered for membership in NATO as soon as they meet the criteria for such membership.

- Section 2703 - In authorities relating to NATO enlargement, Romania, Estonia, Latvia, Lithuania, and Bulgaria are each designated by Section 2703 as eligible to receive assistance under the program established under Section 203 (a), of *The NATO Participation Act (NPA)* of 1994, P.L. 103-447, 2 November 1994.

- Section 2703 (d) - Amends Section 105, P.L. 104-164, 21 July 1996, authorizing DoD funds to be used during FY1999 for packing, crating, handling, and transportation (PCH&T) of grant EDA transferred in accordance with Section 516, FAA, to countries eligible to participate in Partnership for Peace (PfP) and eligible for assistance under the *Support for East European Democracy (SEED) Act of 1989*, P.L. 101-179, 28 November 1989.

- Section 519 of the *Foreign Operations Appropriations Act for FY1999* likewise amends P.L.104-164 but through FY2000 for PCH&T of EDA.

- The *Congressional Presentation for Foreign Operation, FY99*, indicates the following countries are *SEED ACT* assistance eligible countries for FY99: Albania, Bosnia-Herzegovina, Bulgaria, Croatia, Lithuania, Macedonia, Poland, Romania, Serbia, and Slovakia. Hungary and Latvia "graduated" from this assistance after FY98, with Estonia after FY96 and Czech Republic and Slovenia after FY97.

- ***Strom Thurmond National Defense Authorization Act for Fiscal Year 1999, P.L. 105-261, 17 October 1998***

- Section 109 authorizes the appropriation of \$1,295,000 for carrying out the Defense Export Loan Guarantee (DELG) Program. The DELG program was initially authorized by the *FY96 Defense Authorization Act*, Sec. 1321, P.L. 104-106, which directed the Secretary of Defense to establish a program to issue up to a total of \$15B in loan guarantees for defense exports to governments of approved countries in support of FMS and DCS sales or long-term leases. The eligible countries include members of NATO, major non-NATO countries (designated prior to 31 March 1995), non-communist members of the Asia Pacific Economic Cooperation (APEC) Forum, and emerging democracies of Central Europe. This under-subscribed program was initially set up with the goal of not using appropriated DoD funds with the participant countries paying any risk exposure fees as well as program administrative fees.

- Section 1521 amends 10 USC 134(b) concerning the functions of the Under Secretary of Defense for Policy (USDP) to having the responsibility for supervising and directing DoD activities relating to export controls. Specifically, it establishes, within USDP, a Deputy Under Secretary of Defense for Technology Security Policy [DUSD (TSP)]. The individual within this position also serves as the Director of the Defense Technology Security Administration (DTSA) or any successor organization with similar responsibilities. The more visible duties of DTSA were to coordinate within DoD any recommendations for the commercial licensing for the export of defense articles and services by the Department of State or dual-use articles and services by the Department of Commerce. This office is to implemented not later than sixty days after date of legislation enactment (or about 16 December 1998). The legislated duties for the DUSD (TSP) include:

- (a) assisting the USDP in supervising and directing the activities of the DoD relating to export controls; and

- (b) assisting the USDP in developing policies and positions regarding the appropriate export control policies and procedures that are necessary to protect the national security interests of the United States.

- The Defense Reform Initiative (DRI) of November 1997 recommended the establishment of a new agency, the Defense Threat Reduction Agency (DTRA), to strengthen DoD's ability to deal the proliferation of weapons of mass destruction. This resulted in the 1 October 1998 creation of DTRA within the Under Secretary of Defense for Acquisition and Technology [USD (A&T)] generally consolidating the On-Site Inspection Agency, the Special Weapons Agency, and DTSA. The former DTSA became the Defense Technology Security Directorate within DTRA.

- Section 1234 amended 10 USC 2581 to reasonably ensure that any excess UH-1 Huey and AH-1 Cobra helicopters transferred on a grant or sales basis to a country for the purpose of flight operations receive depot level equivalent maintenance and repair that U.S. military helicopters would receive before the transfer takes place. All reasonable effort shall be made to ensure that this maintenance or repair takes place in the U.S. and at no cost to the DoD. These requirements do not apply for salvage helicopters being transferred to a country solely as a source for spare parts.

- Section 1236 repeals Section 580 of the *Foreign Operations Appropriations Act for FY 1996*. The former section stated that the U.S. will not use anti-personnel landmines except along internationally recognized national borders or in demilitarized zones within a perimeter marked

area that is monitored by military personnel and protected by adequate means to ensure the exclusion of civilians for a one year period beginning 12 February 1999.

- Section 1513 directs that all satellites and related items that are on the Commerce Control List (CCL) of dual-use items in the Export Administration Regulations (EAR) (15 CFR part 730 et seq.) be immediately transferred to the United States Munitions List (USML) in the International Traffic in Arms Regulations (ITAR) (22 CFR 120-130) and controlled under the authority of Section 38, AECA.

- Section 1514 requires the President to take such actions necessary to implement the following requirements for improving national security in the export licensing of satellites and related items. All export licenses shall require a technology transfer control plan (TTCP) approved by the Secretary of Defense and an encryption technology transfer control plan approved by the Director of the National Security Agency. The Secretary of Defense shall monitor all aspects of a licensed satellite launch to ensure there is no unauthorized transfer of technology, including technical assistance and technical data. DoD is to be reimbursed by the person or entity receiving such service for the cost of the monitoring. The extent of the required monitoring is specifically defined within this Section. Any investigations of crashes with U.S.-origin satellites are subject to Section 38, AECA, export license control, requiring DoD approved TTCPs and DoD monitoring of all activities. DoD will provide Congress an annual report of monitoring all launches of U.S.-origin satellites. Additionally, Congress will be notified of any export licenses issued for satellites or related items to be launched in a foreign country.

- Section 1514 requirements do not apply for the export of satellites or related items to NATO countries or major non-NATO allies.

- Section 1516 defines "related items" to mean "satellite fuel, ground support equipment, test equipment, payload adapter or interface hardware, replacement parts, and non-embedded solid propellant orbit transfer engines described in the report submitted to Congress by the Department of State on February 6, 1998, pursuant to Section 38(f), AECA."

- Section 1235 offered an extensive list of naval vessels to be transferred to certain foreign countries:

- Pursuant to the authority of §21, AECA ("Sales From Stock"), the Secretary of the Navy is authorized to transfer by sale, 34 U.S. naval vessels to eight specified countries, plus Taiwan, as follows:

- The Government of Brazil: the NEWPORT class tank landing ships CAYUGA (LST-1186) and PEORIA (LST-1183).

- The Government of Chile: the NEWPORT class tank landing ship SAN BERNARDINO (LST-1189) and the auxiliary repair dry dock WATERFORD (ARD-5).

- The Government of Greece: the OAK RIDGE class medium dry dock ALAMAGORDO (ARDM-2) and the KNOX class frigates VREELAND (FF-1068) and TRIPPE (FF-1075).

- The Government of Mexico: the auxiliary repair dry dock SAN ONOFRE (ARD-30) and the KNOX class frigate PHARRIS (FF-1094).

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- The Government of the Philippines: the STALWART class ocean surveillance ship TRIUMPH (T-AGOS-4).
 - The Government of Spain: the NEWPORT class tank landing ships HARLAN COUNTY (LST-1196) and BARNSTABLE COUNTY (LST-1197).
 - The Taipei Economic and Cultural Representative Office in the United States [the Taiwan instrumentality that is designated pursuant to §10(a) of the Taiwan Relations Act]: the KNOX class frigates PEARY (FF-1073), JOSEPH HEWES (FF-1078), COOK (FF-1083), BREWTON (FF-1086), KIRK (FF-1087), BARBEY (FF-1088); the NEWPORT class tank landing ships MANITOWOC (LST-1180) and SUMTER (LST-1181); the floating dry dock COMPETENT (AFDM-6); and the ANCHORAGE class dock landing ship PENSACOLA (LSD-38).
 - The Government of Turkey: the OLIVER HAZARD PERRY class guided missile frigates MAHLON S. TISDALE (FFG-27), REID (FFG-30), and DUNCAN (FFG-10); and the KNOX class frigates REASONER (FF-1063), FANNING (FF-1076), BOWEN (FF-1079), MCCANDLESS (FF-1084), DONALD BEARY (FF-1085), AINSWORTH (FF-1090), THOMAS C. HART (FF-1092), and CAPODANNO (FF-1093).
 - The Government of Venezuela: the medium auxiliary floating dry dock bearing hull number AFDM-2.
 - The Secretary of the Navy is authorized to transfer on a grant basis under Section 516 of the FAA, nine vessels to four countries:
 - The Government of Argentina: the NEWPORT class tank landing ship NEWPORT (LST-1179).
 - The Government of Greece: the KNOX class frigate HEPBURN (FF-1055); and the ADAMS class guided missile destroyers STRAUSS (DDG-16), SEMMES (DDG-18) and WADDELL (DDG-24).
 - The Government of Portugal: the STALWART class ocean surveillance ship ASSURANCE (T-AGOS-5).
 - The Government of Turkey: the KNOX class frigates PAUL (FF-1080), MILLER (FF-1091), and W.S. SIMMS (FF-1095).
 - The Secretary of the Navy is authorized to transfer the following vessels on a combined lease-sale basis under Sections 61 and 21 of the AECA, and in accordance with Subsection (d):
 - The Government of Brazil: the CIMARRON class oiler MERRIMACK (AO-179).
 - The Government of Greece: the KIDD class guided missile destroyers KIDD (DDG-993), CALLAGHAN (DDG-994), SCOTT (DDG-995), and CHANDLER (DDG-996).
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- A transfer of a vessel on a combined lease-sale basis must meet the following requirements:

- The Secretary may suspend lease payments if the country entering into the lease for the vessel simultaneously enters into an FMS agreement for the transfer of title to the vessel.

- The Secretary may not deliver the title to the purchasing country until the entire purchase price under such an FMS agreement is paid in full, at which time the lease will be terminated.

- If the purchasing country fails to make the full payment of the purchase price in accordance with the sales agreement by the date required, the sales agreement will be terminated immediately, the suspension of the lease payments will be vacated, and the U.S. will be entitled to retain all the funds received on or before the date of the termination of the sales agreement, up to the amount of the lease payments due and payable under the lease and all other costs required by the lease to be paid to that date. In this case, the U.S. shall not pay interest on any amount paid by the recipient and not retained by the U.S. under the lease.

- Any expenses incurred by the U.S. in connection with the transfer of any of these vessels shall be charged to the recipient.

- As a further condition of any such transfer, the Secretary of the Navy shall require, to the maximum extent practicable, that any repairs or refurbishments that are needed prior to the transfer, be performed at a shipyard located in the United States, including a United States Navy shipyard.

- Transfer authority is permitted for two years, beginning on the date of the enactment of this Act.

- ***Department of Defense Appropriations Act, 1999, P.L. 105-262, 17 October 1998***

- Title I, Former Soviet Union Threat Reduction - appropriates \$440,400,000, to remain available through 30 September 2001, for assistance under the DoD Cooperative Threat Reduction Program (CTRP) originally authorized by the *DoD Authorization Act for FY1992* generally used for the control of weapons of mass destruction (WMD) including its technology and associated scientists and engineers, particularly within the Former Soviet Union (FSU) states of Russia, Belarus, Ukraine, and Kazakhstan. Also referred to as "Nunn-Lugar funding" which has been provided at an annual rate of approximately \$400 million.

- Section 1302, P.L. 105-261, 17 October 1998, the *Strom Thurmond National Defense Authorization Act for FY1999*, provides the following allocation ceilings, by program, with certain required limitations and reports, for this year's appropriated CTRP (or "Nunn-Lugar") funding.

- Strategic offensive arms elimination in Russia - \$142,400,000
 - Strategic nuclear arms elimination in the Ukraine - \$47,500,000
 - Activities to support warhead dismantlement processing in Russia - \$9,400,000
 - Activities associated with chemical weapons destruction in Russia - \$88,400,000

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- Weapons transportation security in Russia - \$10,300,000
 - Planning, design, and construction of a storage facility for Russian fissile material - \$60,900,000
 - Weapons storage security in Russia - \$41,700,000
 - Development of a cooperative program with the Government of Russia to eliminate the production of weapons grade plutonium at Russian reactors - \$29,800,000
 - Biological weapons proliferation prevention activities in Russia - \$2,000,000
 - Activities designated as Other Assessments/Administrative Support - \$8,000,000.
 - The funding shall be available for obligation for three fiscal years.
- Section 1303, P.L. 105-261, further states that no FY1999, or prior years', CTRP funding will be used for the conduct of peacekeeping exercises or other related activities with Russia, provision of housing, provision of assistance to promote environmental restoration, or provision of assistance to promote job retraining.
- Section 8086 - authorizes the Secretary of Defense to waive reimbursement of the cost of conferences, seminars, courses of instruction, or similar activities of the Asia-Pacific Center for Security Studies for military officers and civilian officials of other countries if the Secretary determines that their attendance, without reimbursement, is in the U.S. national security interest. The waived reimbursement cost is to be paid from the appropriations for the Asia-Pacific Center.
- Section 8097 - none of the funds in this year's Act may be used to approve or license the sale of the F-22 Raptor advanced tactical fighter to any government. This is a renewal of same prohibition from the *FY1998 Defense Appropriations Act*, Section 8118.
- Section 8110 - reiterates the authority for the transfer of several ex-U.S. Navy ships to other countries contained in this year's *Defense Authorization Act*, Section 1235.
- Section 8130 - prohibits the use of funding from this Act to be used to support any training involving a unit of the security forces of a foreign country if the Secretary of State has received credible information from the Department of State that a member of such unit has committed a gross violation of human rights, unless all necessary corrective steps have been taken. After consultation with the Secretary of State, the Secretary of Defense may waive this prohibition if he determines that the waiver is required by extraordinary circumstances. If such a waiver is granted, the Secretary of Defense must submit a report within fifteen days to the congressional defense committees describing the circumstances for the waiver, the purpose and duration of the training to be provided, U.S. forces and foreign security forces involved in the training, and the information relating to the human rights violations requiring the waiver. This is the first time that the previously described human rights principles of the "Leahy Amendment", Section 568 of the *Foreign Operations Appropriations Act* (for State Department 150 account funding), is being also applicable to international training funded by Defense Department 050 account funding.

- ***Iraq Liberation Act of 1998, P.L. 105-338, 31 October 1998***

- Section 4 (a) (2) - authorizes the President to drawdown defense articles, services, and training from DoD of an aggregate value not to exceed \$97,000,000 to be provided to Iraqi democratic opposition organizations. The drawdown is to be done without reimbursement to the DoD. However, funds are authorized to be appropriated during FY1998 and FY1999 as may necessary to reimburse the drawdown. Due to the lateness of the enactment of this legislation, reimbursement appropriations never took place during FY1998 and have yet to take place during FY1999. Also of note, is the period for this drawdown authority to take place is not specified; therefore, the time for implementation appears to be indefinite.

- Section 5 - within ninety days of enactment (about 30 January 1999), the President is to designate one or more organizations to receive this drawdown and notify Congress fifteen days prior to the designation.

- Subsequently, on 21 January 1999, the following seven groups were initially designated to receive the drawdown assistance:

- Supreme Council for Islamic Revolution in Iraq (SCIRI)
- Iraqi National Congress
- Iraqi National Accord
- Islamic Movement of Iraqi Kurdistan
- Movement for Constitutional Monarchy
- Kurdistan Democratic Party
- Patriotic Union of Kurdistan.

- **Conclusion**

This year's security assistance legislation brought little change to the levels of the various programs, and there were few new restrictions placed either on countries or on programs. The most significant policy change was the decision by the Congress to phase out ESF for Israel over the next decade and to reduce Egypt's share by fifty percent over the same period. This represents a major reshaping of this program since these two countries have long been the principal recipients of this type of aid. The foreign policy bureaucracy was affected by the much-discussed abolition of the Arms Control and Disarmament Agency and the U.S. Information Agency and the transfer of their functions to the State Department. Although this removes ACDA from a designated role in the security assistance process, the functions performed by ACDA will still be conducted throughout the State Department.

With technology transfer in the political headlines, Congress instituted a few changes to strengthen the controls over exports with the possibility of increasing the threat to the U.S. First, within the Defense Department's Under Secretary for Policy, legislation created a new Deputy for Technology Security Policy, who serves as the Director of the Defense Technology Security

Administration, which itself was transformed into a directorate within the new established Defense Threat Reduction Agency. The latter organization was established in the Under Secretary of Defense for Acquisition and Technology and generally consolidated the On-Site Inspection Agency, the Special Weapons Agency, and DTSA.

In another step aimed at creating tighter control over high technology exports, Congress mandated that all satellites and related items on the Commerce Control List of dual-use items be immediately transferred to the U.S. Munitions List in the International Traffic in Arms Regulations.

With the funding levels in FY1999 remaining the same as in FY1998, there is little change in the overall security assistance program, in spite of the organizational changes and the increased concern over the technology transfer.

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About the Authors

Dr. Craig M. Brandt is the Institute's Director of Research, and is also the Editor of *The DISAM Journal*. A retired Navy Supply Corps Officer, he has 35 years experience in logistics and security assistance. He is the editor of *Military Assistance and Foreign Policy*. Dr. Brandt was awarded a Ph.D. in Political Science from the University of Cincinnati in 1985. He was formerly Chair, Department of Logistics Management, Graduate School of Logistics and Acquisition Management, Air Force Institute of Technology.

Kenneth W. Martin has been at DISAM for over ten years. His duties include Legislation and Foreign Policy functional manager, the Overseas Course manager, and the Managing Editor for the annually republished DISAM "green textbook", *The Management of Security Assistance*. Mr. Martin retired from the U.S. Navy in 1991 after over 24 years of active duty as a surface warfare officer. He received his undergraduate degree in Economics from the Illinois Institute of Technology and his masters in administration from Central Michigan University.